

Message Text

CONFIDENTIAL

PAGE 01 BERN 03150 01 OF 02 140727Z

ACTION EB-07

INFO OCT-01 EUR-12 EA-07 IO-13 ISO-00 L-03 FRB-03

OMB-01 ITC-01 SP-02 USIA-06 AGRE-00 AID-05

CIAE-00 COME-00 INR-07 LAB-04 NSAE-00 OIC-02

EPG-02 SIL-01 STR-04 TRSE-00 CEA-01 SS-15 NSC-05

/102 W

-----047681 140805Z /13

P R 131625Z JUL 77

FM AMEMBASSY BERN

TO SECSTATE WASHDC PRIORITY 4620

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

USMISSION GENEVA

AMEMBASSY LONDON

AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMEMBASSY TOKYO

C O N F I D E N T I A L SECTION 1 OF 2 BERN 3150

USOECN ALSO FOR EMBASSY

EO 11652: GDS

TAGS: EFIN UNCTAD

SUBJ: UNCTAD AND DEBT

REF: STATE 160950

1. SUMMARY: DCM AND ECON OFF BIZIC CALLED JUL 13 ON AMB ARTHUR DUNKEL, FEDERAL DELEGATE FOR TRADE AND UNCTAD AFFAIRS, DIV OF COMMERCE, DEPT OF PUBLIC ECONOMY, AND CARRIED OUT INSTRUCTIONS CONTAINED REFTEL. ALSO PRESENT FROM DIV OF COMMERCE WERE ERIC ROETHLISBERGER (AID, INDUSTRIALIZATION AND DEVELOPMENT AFFAIRS) AND JEAN-PIERRE BEGUIN (OECD AND INTERNATIONAL MONETARY AFFAIRS). BEGUIN WILL BE SWISS DELEGATE TO JUL 18 IGE. DUNKEL SAID THAT SWISS SHARE US ANALYSIS AND CONFIDENTIAL

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PAGE 02 BERN 03150 01 OF 02 140727Z

VIEW THAT UNCTAD IS NOT APPROPRIATE FORUM FOR SUBSTANTIVE CONSIDERATION OF LDC'S DEBT PROBLEMS. HOWEVER, SWISS BELIEVE THAT DEVELOPED COUNTRIES MUST BE CAREFUL TO FOLLOW LIMITED PROCEDURES ALREADY AGREED UPON TO REVIEW DEBT ISSUES IN UNCTAD. SWISS FEAR THAT TOO STRONGLY NEGATIVE POSITION BY DEVELOPED COUNTRIES ON DEBT COULD PRODUCE OPPOSITE RESULT DESIRED. DUNKEL STRONGLY URGED GROUP B COUNTRIES COORDINATE POSITION

AND TACTICS TO MAINTAIN PROGRESS ACHIEVED SO FAR TO KEEP DEBT
ISSUE WITHIN NORMAL BOUNDS IN UNCTAD. HE SUPPORTED US VIEW
THAT IMF AND IBRD COULD EFFECTIVELY MONITOR DEBT SITUATION AND
MAINTAIN DIALOGUE ON THIS ISSUE. END SUMMARY.

2. EMBOFFS PRESENTED US POSITION AS INSTRUCTED REFTEL. DUNKEL
REVIEWED BACKGROUND OF UNCTAD RESOLUTION 94(IV) AND NOTED
THAT ALTHOUGH IT WAS UNDERSTOOD AT UNCATD IV IN NAIROBI THAT
CIEC WOULD BE THE APPROPRIATE FORUM TO DISCUSS DEBT, RESOLUTION
94(IV) ALSO SET UP PROCEDURE FOR UNCTAD REVIEW OF CIED ACTION.
HE STRESSED THAT SWISS SHARE US ANALYSIS AND OBJECTIVES ON
DEBT ISSUED AND ARE EQUALLY UNENTHUSIASTIC ABOUT SEEING UNCTAD
BECOME MAJOR FORUM FOR DISCUSSION OF DEBT ISSUES.
HOWEVER, SWISS FEEL PROBLEM IS ONE OF TACTICS THAT
DEVELOPED COUNTRIES MUST ADOPT IN DEALING WITH LDC'S INTEREST
IN DEBT ISSUES.

3. DUNKEL SAID SWISS BELIEVE GROUP B COUNTRIES MUST GO
THROUGH STEPS THAT HAVE ALREADY BEEN AGREED UPON, I E MANDATES
OF JUL 18 IGE AND TRADE AND DEVELOPMENT BOARD MINISTERIAL
MEETING. ABOVE ALL, IT IS IMPORTANT TO AVOID GIVING IMPRESSION
THAT INDUSTRIALIZED COUNTRIES DO NOT WANT TO WORK ON DEBT
ISSUE IN PROFUND MANNER. DUNKEL SAID SWISS ARE CONCERNED THAT
TOO NEGATIVE POSITION BY GROUP B COUNTRIES WOULD PRODUCE LDC
COUNTER REACTION AND THEREBY SET BACK MUCH PROGRESS THAT HAS
ALREADY BEEN ACCOMPLISHED TO DIMINISH DEBT ISSUE WITHIN UNCTAD
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PAGE 03 BERN 03150 01 OF 02 140727Z

AND KEEP IT WITHIN NORMAL BOUNDS. IN THIS REGARD, DUNKEL NOTED
AGREEMENT IN UNCTAD THAT THERE WOULD BE ONLY ONE MINISTERIAL
MEETING, TIMING OF WHICH HAS ALREADY SLIPPED, WITH DEBT
AS ONLY ONE OF MANY ISSUES TO BE DISCUSSED.

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PAGE 01 BERN 03150 02 OF 02 140753Z

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AMEMBASSY PARIS
AMEMBASSY TOKYO

C O N F I D E N T I A L SECTION 2 OF 2 BERN 3150

USOECD ALSO FOR EMBASSY

4. SWISS BELIEVED THAT NO CLEAR MANDATE FOR GREATER UNCTAD ROLE ON DEBT WOULD BE DEVELOPED UNTIL AFTER SEPT 9 HIGH LEVEL OFFICIALS' MEETING WHEN MINISTERIAL AGENDA WOULD BE PREPARED. BEGUIN SAID THAT EXPERIENCE OF IGE MEETINGS IN 1974 AND 1975 HAD BEEN ENCOURAGING WITH GOOD REPORT PRODUCED THAT RECOGNIZED NEED FOR PRIOR CONSULTATIONS BEFORE PARIS CLUB AND CREDITOR/DEBTOR MEETINGS. HE NOTED LIMITED MANDATE FOR JUL 18 IGE. WE STRESSED THAT WHILE USG IS WILLING TO REVIEW CURRENT DEBT SITUATION WITHIN IGE JUL 18 MANDATE, WE ARE CONCERNED ABOUT POSSIBLE OCT IGE WITH BROADER MANDATE. ALTHOUGH THEY RECOGNIZED THIS CONCERN WAS VALID, SWISS FELT EMPHASIS SHOULD BE ON CAUTIOUS AND MODERATE TACTICAL APPROACH DEPENDING ON HOW SITUATION DEVELOPS.

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PAGE 02 BERN 03150 02 OF 02 140753Z

5. SWISS AGREED ON NEED FOR GROUP B COUNTRIES TO COORDINATE CLOSELY ON SUBSTANCE AND TACTICS, PARTICULARLY AT SEP 9 HIGH LEVEL OFFICIALS' MEETING. SWISS WANT TO PROMOTE GROUP B POSITION THAT DEBT RELIEF IS NOT APPROPRIATE APPROACH TO DEVELOPMENT AND NECESSITY TO MAINTAIN CONFIDENCE IN DEBTOR/CREDITOR CONSULTATIONS. DUNKEL SAID THAT GROUP B HAS SOME ALLIES TO THIS APPROACH, PARTICULARLY AMONG LATIN AMERICAN COUNTRIES. HE EMPHASIZED THAT IT WOULD BE DETRIMENTAL FOR INDUSTRIALIZED COUNTRIES' POSITION IF ONE OR MORE DEVELOPED COUNTRIES APPEARED TO ADOPT MORE LIBERAL ATTITUDE ON DEBT ISSUE IN UNCTAD THAN OTHERS WERE WILLING TO TAKE. IN THIS REGARD, DUNKEL URGED USG CONSULT WITH NORDICS TO TRY TO OBTAIN THEIR AGREEMENT TO COORDINATE THEIR POLICY WITH OTHER DEVELOPED COUNTRIES.

6. DUNKEL EMPHASIZED THAT SWISS AGREED WITH US AND OTHERS ON IMF/IBRD ABILITY TO MONITOR DEBT. HE STRESSED THAT SWISS

NON-MEMBERSHIP IN IMF/IBRD DOES NOT MEAN SWISS FAVOR UNCTAD
APPROACH. SWISS ALSO EXPRESSED POSITIVE INTEREST IN US
PREPAREDNESS TO SUPPORT IMF/IBRD DEVELOPMENT COMMITTEE AS
FORUM TO MAINTAIN DIALOGUE AMONG INTERESTED PARTIES.

7. DUNKEL ADDED THAT SWISS MADE THEIR MAJOR FINANCIAL
EFFORT IN CIEC SPECIAL ACTION BY RESCHEDULING DEBT OF SOME
LDC'S TO SWITZERLAND. THEREFORE, SWISS FEEL THAT THEY HAVE
ALREADY DONE WHAT THEY COULD DO ON DEBT RELIEF TO CERTAIN
LDC'S.
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